

# Airline giant IAG slashes losses on COVID recovery

November 5 2021, by Roland Jackson

---



Iberia has returned to profit and the entire IAG airline group hopes to do so next year.

British Airways owner IAG said Friday that its bottom-line loss shrank sharply in the third quarter, as Covid travel curbs were lifted, and

expressed hope for a return to profit next year.

The net loss narrowed to 574 million euros (\$664 million) in the three months to September from 1.8 billion euros a year earlier, and revenues more than doubled to 2.7 billion euros on keen long-haul demand, IAG said in a statement.

IAG's star performer, Spanish carrier Iberia, bounced back into profit, but the group as whole would still book a large annual loss, it said.

The European conglomerate, whose portfolio also includes Aer Lingus, Level and Vueling, said it flew at 43.4 percent of pre-pandemic 2019 capacity in the July-September period, a figure that was expected to increase to 60 percent in the fourth quarter.

## **'Significant recovery underway'**

"There's a significant recovery underway," said chief executive Luis Gallego, pointing to the reopening of lucrative transatlantic routes between the UK and the United States on Monday.

"We continue to capitalise on surges in bookings when travel restrictions are lifted. The full reopening of the transatlantic travel corridor from Monday is a pivotal moment for our industry," he said.

Gallego said IAG hoped to ramp up capacity to as much as 90 percent next summer—and anticipated a return to full capacity on North American routes.

British Airways said it will seek to hire between 4,000-5,000 cabin crew to aid that recovery.

IAG shares took off on the London stock market, rising by three percent

in midday trading, but some analysts remain unconvinced.

"British Airways owner IAG is still stuck on the runway... as it looks to follow a flight path to recovery," said AJ Bell investment director Russ Mould.

The pandemic slammed global aviation last year, but the industry has benefitted this year by the gradual lifting of international travel curbs.

IAG said it expected to post an operating loss of about 3.0 billion euros this year—but remains hopeful for a return to profit next year.

In the third quarter, the operating loss narrowed to 452 million euros from 1.9 billion euros a year earlier.

## **Back to profit**

"In the short term, we are focused on getting ready to operate as much capacity as we can and ensuring IAG is set up to return to profitability in 2022," said Gallego.

Iberia and Vueling remained the best performers within the group.

"Iberia returned to profitability while Vueling reached breakeven at the operating level... as they strengthened their positions on routes to Latin America and the Spanish domestic market," Gallego said.

IAG booked a huge net loss of 6.9 billion euros in 2020 and slashed about 10,000 jobs at British Airways and 500 positions at Aer Lingus.

The company is the latest aviation giant to see its financial results improve, even if they remain in the red.

Earlier this week, Irish no-frills airline Ryanair, which flies mainly throughout Europe, said it narrowed its net loss in the six months to September to 48 million euros from 411 million euros a year earlier.

© 2021 AFP

Citation: Airline giant IAG slashes losses on COVID recovery (2021, November 5) retrieved 9 April 2024 from <https://techxplore.com/news/2021-11-airline-giant-iag-slashes-losses.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.